

PRESENTATION









FINANCIALS – 30th JUNE, 2008



Union Bank of India

PERFORMANCE HIGHLIGHTS

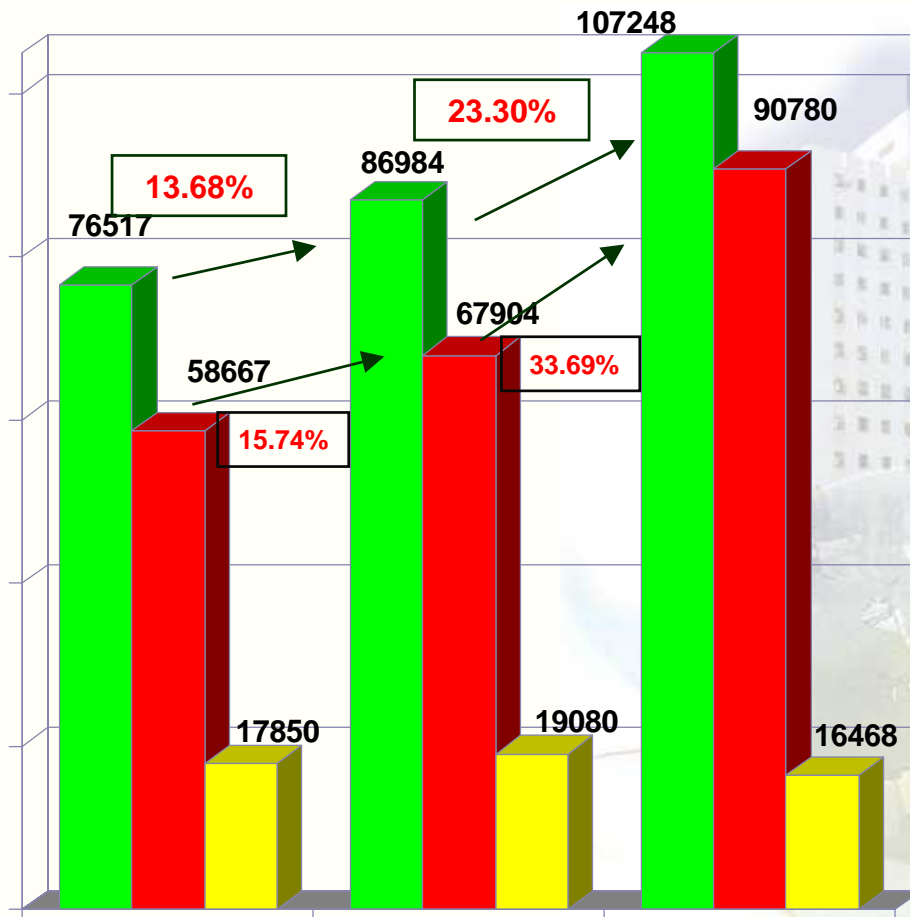
Q1 FY 09

□ Total Business		21.48%	yoy
□ Core Deposits		33.69%	yoy
□ CASA Growth		28.88%	yoy
□ SME Advances		40.93%	yoy
□ Gross NPAs		2.08%	
□ Net NPAs		0.15%	



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Deposits



- ❑ Total Deposits grew by 23.30% to Rs. 107248 crs, however through technology and process intervention, Retail Deposit growth of the Bank at 33.69%, exceeded the industry trend.
- ❑ The Bank has shed high cost deposits by 13.69% to Rs 16468 crs as of June'08.

■ TOTAL DEPOSITS ■ CORE DEPOSIT ■ High Cost Dep.



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CASA Deposits

(Rs. in Crore)

	June'06	June'07	June'08	% Growth
Current Deposits	6708	8340	11617	39.29
Savings Deposits	19018	20587	25663	24.66
Demand Deposits (CASA)	25726	28927	37280	28.88
% to total deposits	33.62	33.26	34.76	-
Cost of Deposits (%)	4.96	5.72	6.06	

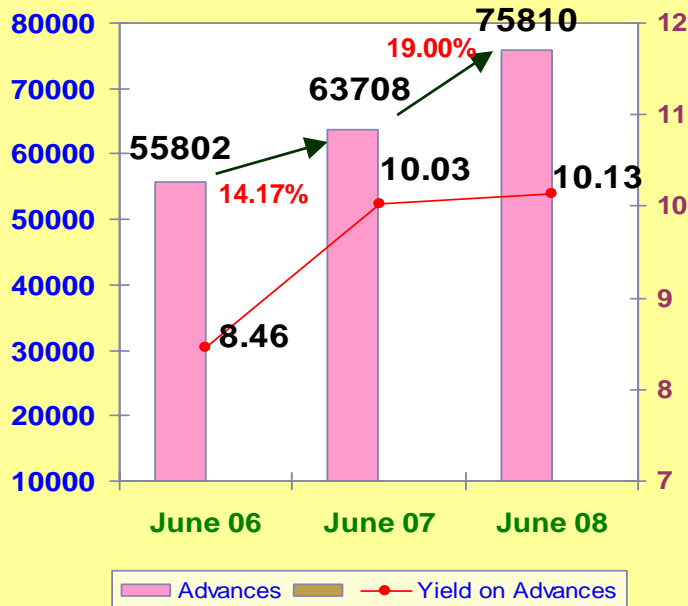
- ❑ CASA deposits have shown an impressive growth of 28.88% YoY as against growth of 12.44% YoY in the previous year.
- ❑ CASA share to total deposits improved by 150 bps to 34.76% from 33.26% in the previous year.



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Advances

Advances & Yield on Advances



- Bank registered growth of 19.00% YoY in advances to Rs.75810 crs. Emphasis was on qualitative shift in credit portfolio resulting in impressive improvement in yield by 10 bps to 10.13% as of June'08.

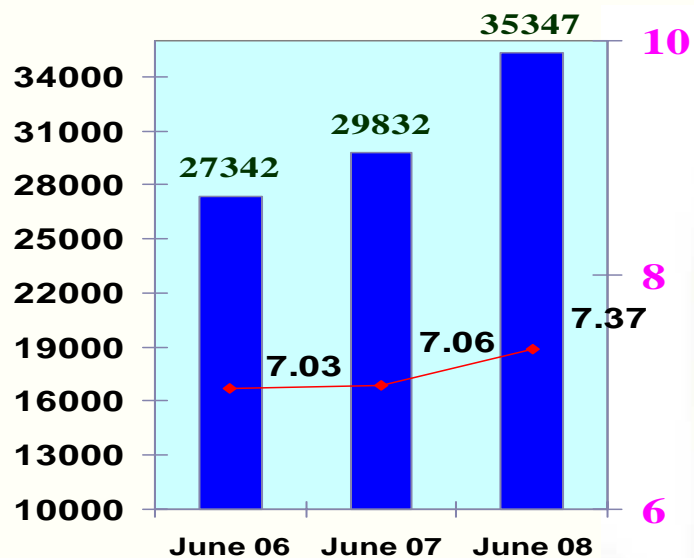
- Advances growth of the Bank has been towards productive sectors of the economy, mainly SME where the growth has been 40.93%. Retail advances (Personal segment) grew at 19.28%. (Rs. in Crore)

	June'06	June'07	June'08	YoY Growth%
AGRICULTURE	8788	10929	10798	-1.20
RETAIL (P-Segment)	6273	6867	8191	19.28
UNION TRADE	5633	6845	7995	16.80
SME	6834	8962	12630	40.93



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Investments



- Yield on investments maintained at 7.37% which is comparable with industry average. However investments grew by 18.48% to Rs 35347 crs as of June'08.

	(Rs. in crore)					
	Jun'06	%	Jun'07	%	Jun'08	%
Held to Maturity	20858	76.28	21658	72.60	23827	67.41
Held for Trading	0		10	0.03	4	0.01
Available for Sale	6484	23.72	8164	27.37	11516	32.58
Total	27342	100.00	29832	100.00	35347	100.00



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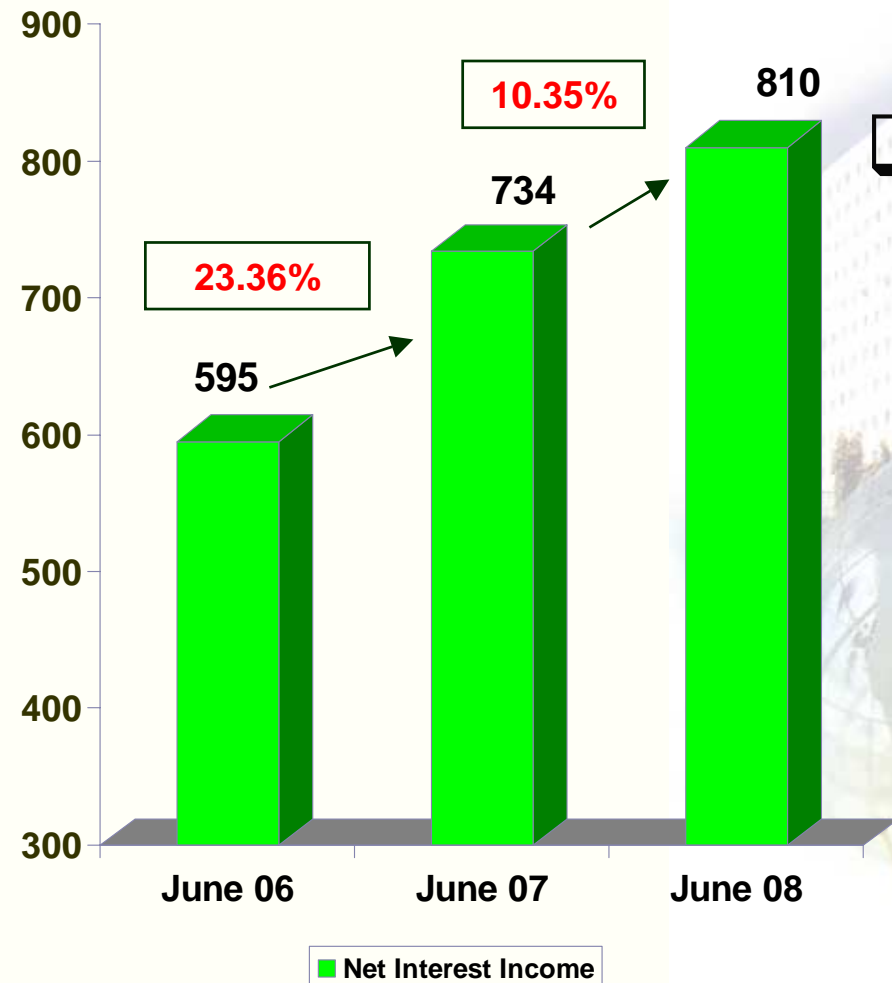
Investment Duration

	June 06	June 07	June 08
HTM	4.88	4.15	4.09
AFS	2.81	2.78	2.72
HFT	-	3.82	-
Total	4.42	3.79	3.66



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Net Interest Income (YoY)



□ Despite adverse market conditions, Net Interest Income (NII) is continuously showing a healthy growth. It has moved up from Rs.734 crore to Rs.810 crore (10.35%).



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Non-Interest Income- Quarterly Comparison

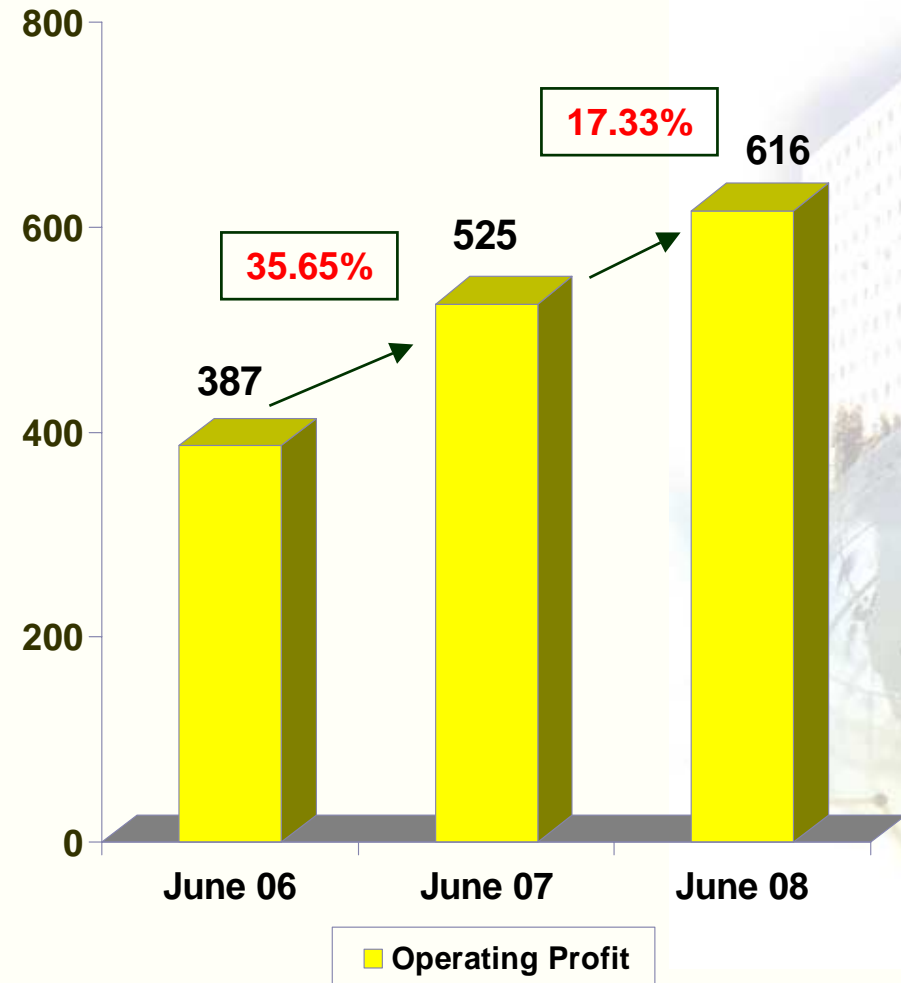
(Rs.in crore)

	June'07 (Q1)	June'08 (Q1)	Growth %
Commission , Exchange and Brokerage	123	137	11.38
Treasury	34	8	-76.47
Recovery in write-off accounts	21	22	4.76
Others	37	55	48.65
Total	215	222	3.26



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Operating Profits (YoY)

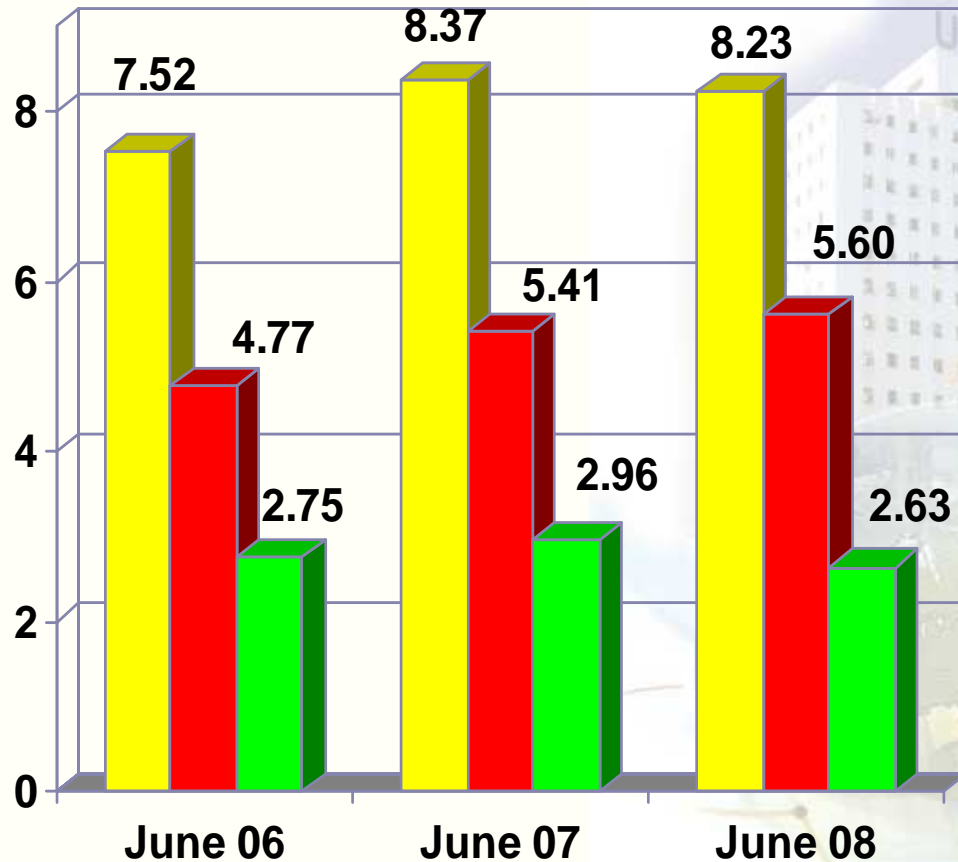


- ❑ Operating Profits for the quarter ended Jun'08 improved by 17.33% to Rs.616 crs from Rs.525 crs in the previous year.
- ❑ Exceptional items such as CRR hike (Impact – Rs 40 crs), Reduction in BPLR (Impact – Rs 60 crs), Agricultural debt waiver scheme (Impact – Rs 22 crs) have resulted in lowering Operating profit by Rs 122, which otherwise would have increased to Rs 738 crs, an increase of 40.57% YoY.



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Net Interest Margin (NIM) [YoY]



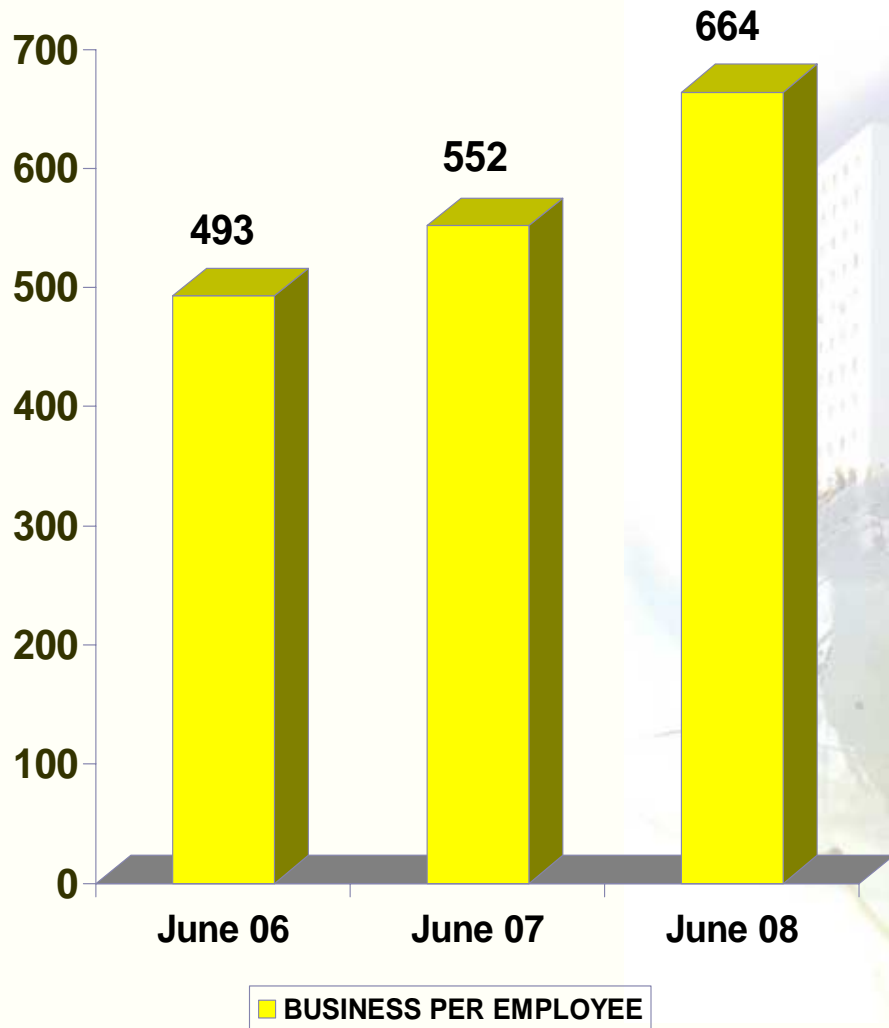
- Cost of Funds stood at 5.60%.
- Yield on funds stood at 8.23%.
- Net Interest Margin (NIM) is at 2.63%.

■ Yield on Funds ■ Cost of funds ■ Net Interest Margin



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IMPROVED EFFICIENCY



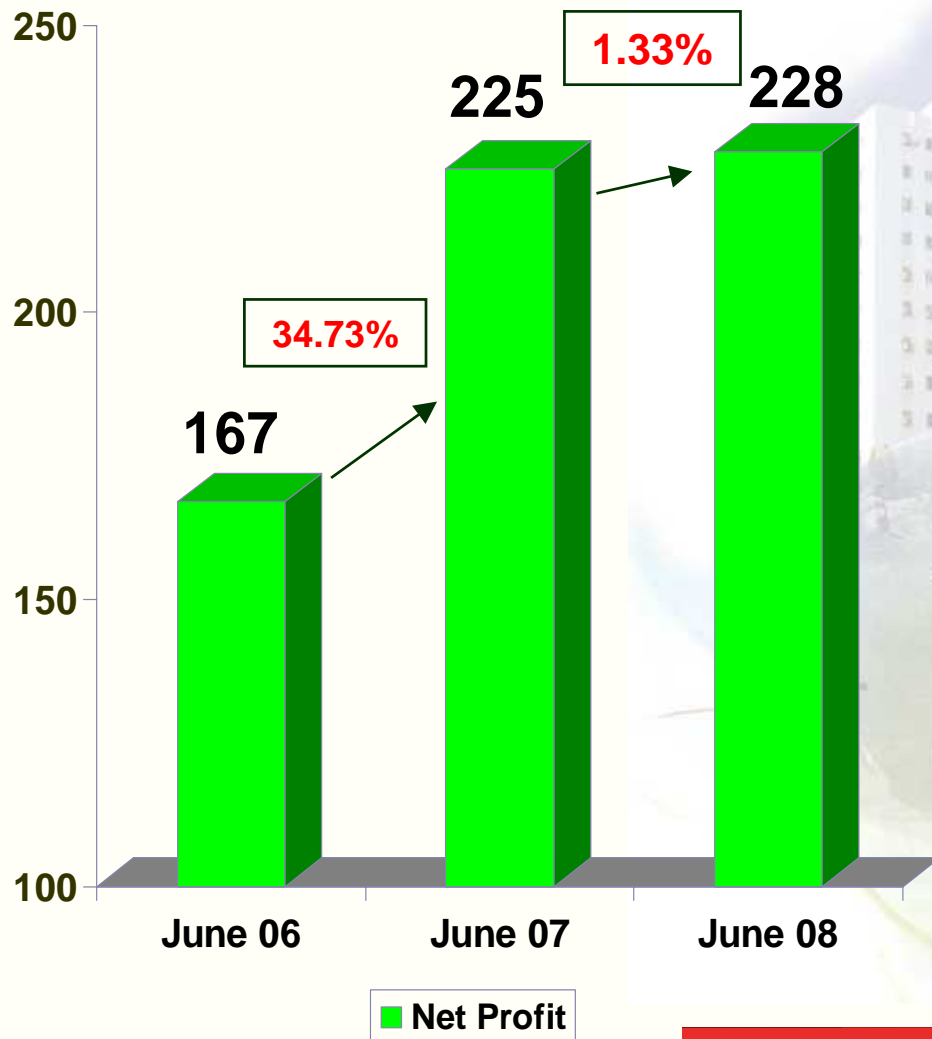
□ Productivity measured by Business per employee increased from Rs. 552 lacs to Rs. 664 lacs.

□ Gross Profit per employee has increased from Rs.8.10 lacs to Rs. 9.46 lacs.



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Net Profits (YoY)

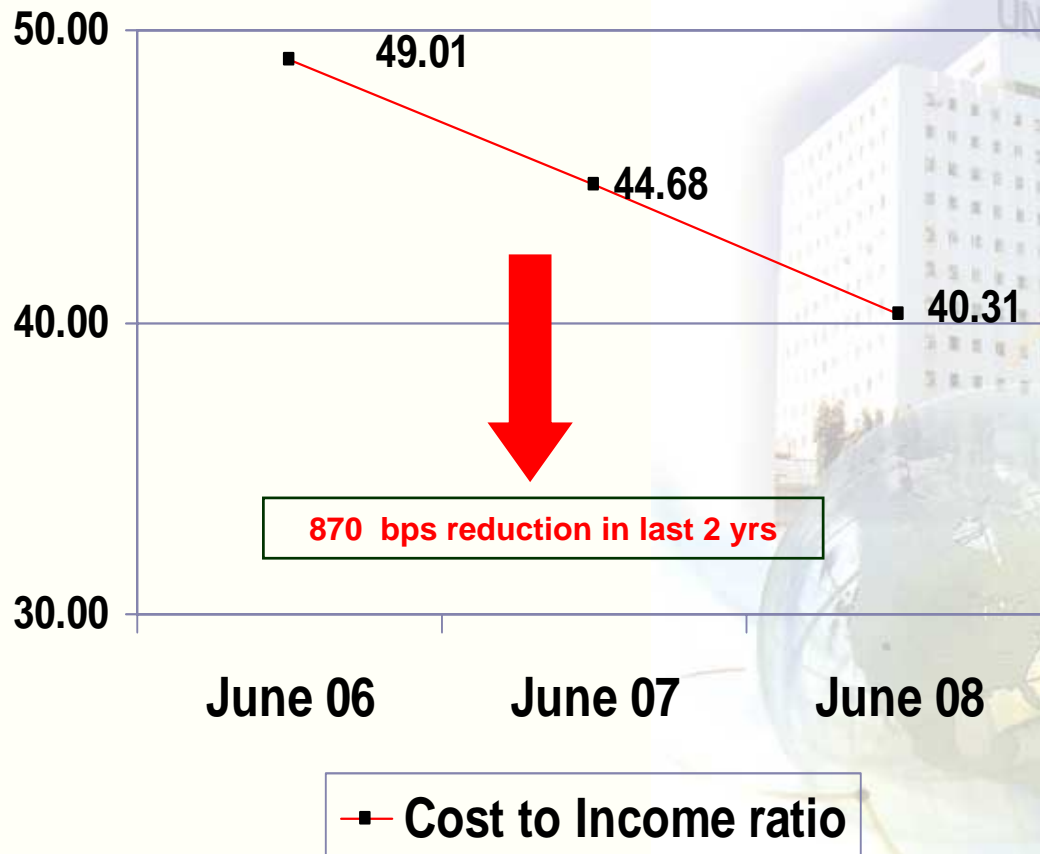


□ Due to adverse financial market conditions, the Mark-to-Market(MTM) depreciation on investment portfolio of the Bank amounted to Rs 339 crs, which had to be provided by the Bank, severely impacting the Q1-09 Net Profit.



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Cost to Income ratio



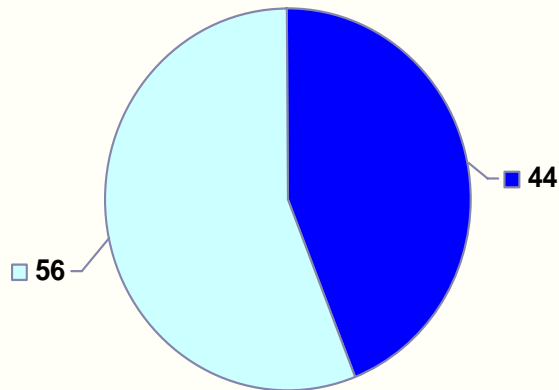
□ The Cost to Income ratio which reflects the operating efficiency of the bank was at 40.31% and is one of the lowest among peer banks.



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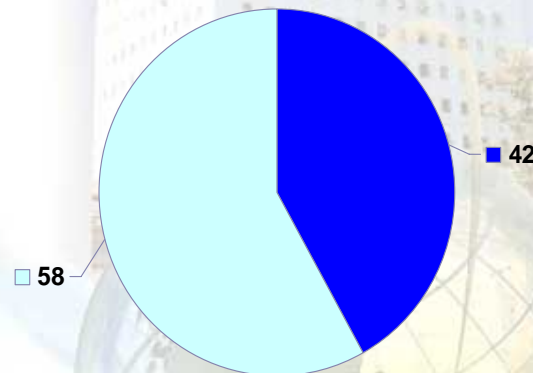
COVERAGE OF NON INTEREST EXPENSES BY NON INTEREST INCOME

JUNE 06



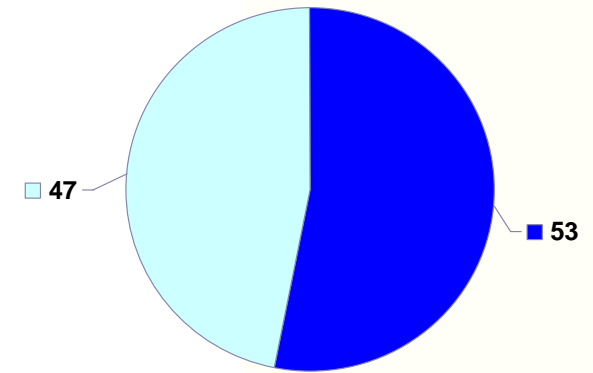
■ COVERED □ UNCOVERED

JUNE 07



■ COVERED □ UNCOVERED

JUNE 08



■ COVERED □ UNCOVERED

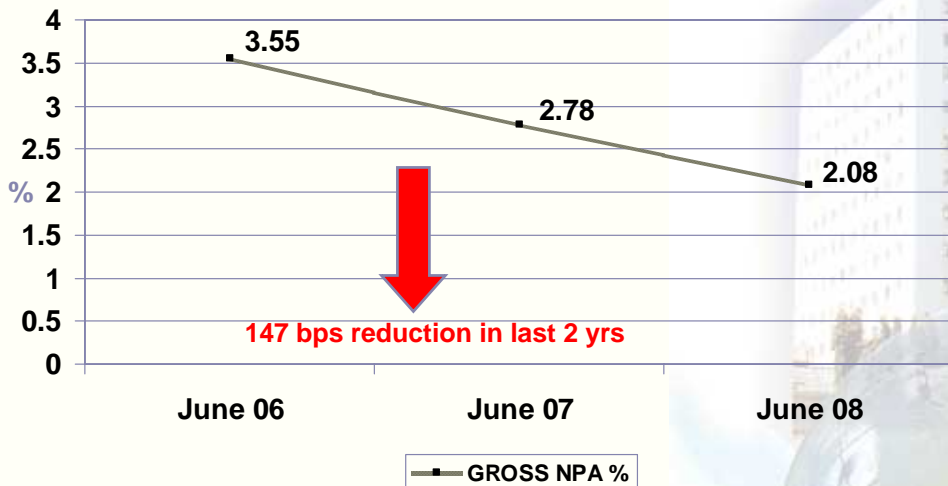
□ Coverage of Non-Interest expenses by Non-interest income increased to 53.33% as of June'08



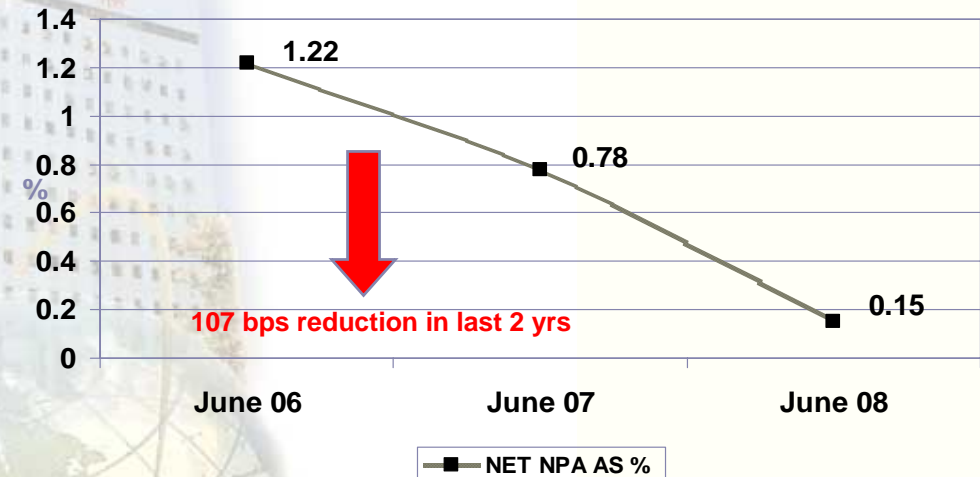
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NPA MANAGEMENT

GROSS NPAs



NET NPAs



- ❑ Net NPA % of the Bank, one of the best in the industry among PSBs, has further improved to 0.15% from 0.78% as of June'07.
- ❑ Loan loss coverage of NPA increased to 93.05% as of June'08 from 72.55% in the previous year.



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Movement of NPAs

(Rs.in crore)

	June 07	June 08
Gross NPAs – Opening	1873	1657
Add : Additions	201	158
Less : Deductions	305	240
1. Due to Write Off	118	13
2. Due to upgradation/ Recoveries	187	227
Gross NPAs	1769	1575
Gross Credit	63708	75810
Gross NPA as a % age of GBC	2.78	2.08
Net NPA	486	109
Net Advances	62424	74343
Net NPA as a % age of Net Advances	0.78	0.15



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IMPROVED ASSET QUALITY

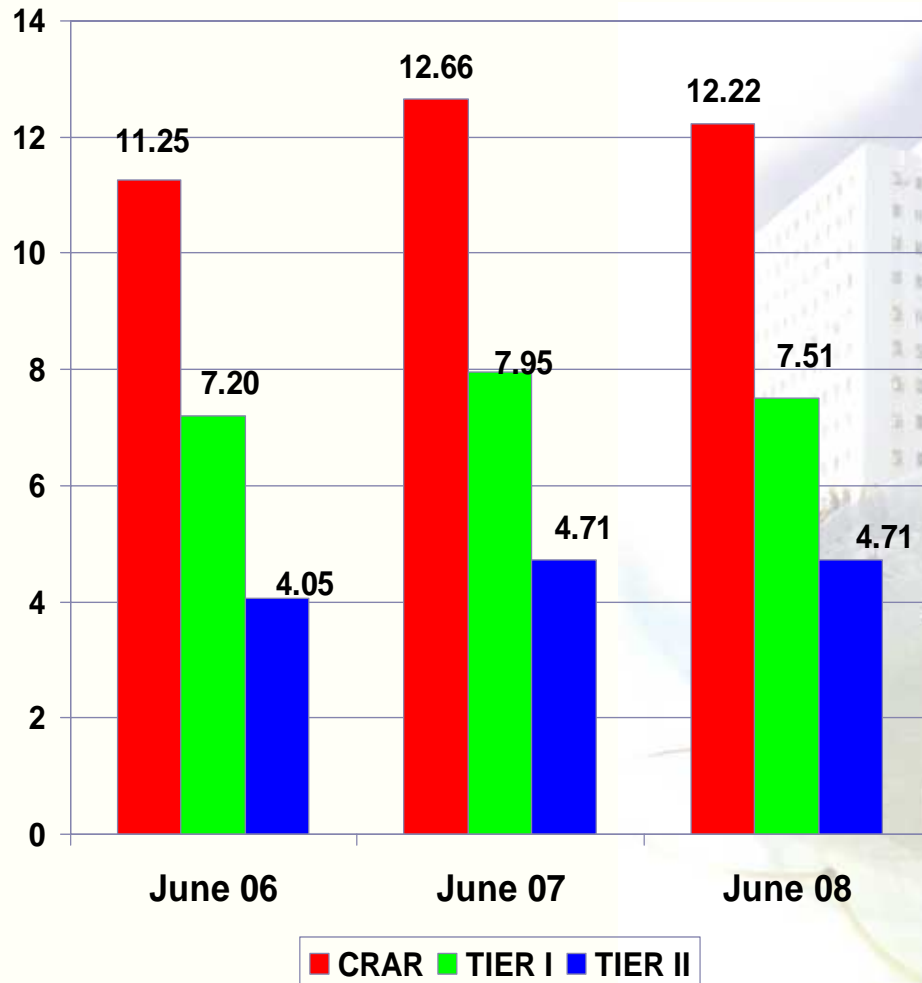
Improved asset quality is reflected in declining trend in delinquency Ratio

	June 07	June 08
Delinquency Ratio	1.30	0.85



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Capital Adequacy



- **Capital Adequacy Ratio is at 12.22% as of 30th June, 2008 as against 12.66% as on 30th June, 2007.**
- **Tier-I Core Capital Ratio is at 7.51% as of June 2008.**
- **Basel II–CAR at 11.28%, of which Tier I is 6.93%.**



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Key Ratios – Profitability

Ratios	June'06	June'07	June'08
<u>Earning Ratios*</u>			
Return on Avg. Assets (%)	0.82	0.91	0.74
Return on Equity (NP/NW %)	15.70	18.18	15.62
Earning Per Share (Rs.)	13.21	17.83	18.08
Book Value Per Share (Rs.)	84.12	98.07	115.70

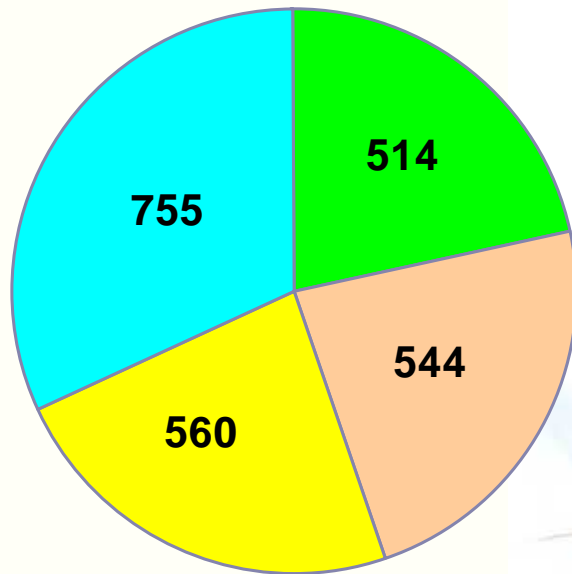
* Annualised



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DISTRIBUTION CHANNELS

BRANCH MIX



- ❑ The Bank added 138 branches and 442 ATMs since June 2007.

SERVICE OUTLETS

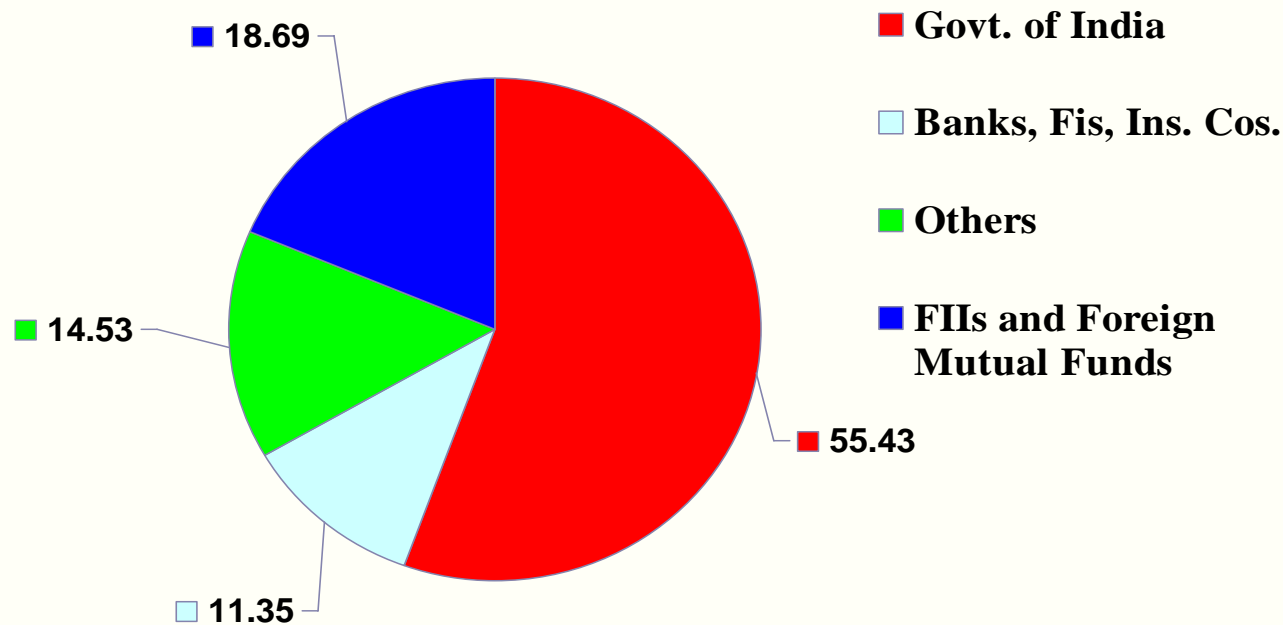
	30.06.06	30.06.07	30.06.08
Branches	2085	2235	2373
Ext. Counters	144	135	118
Service branches	28	31	35
ATMs	522	831	1273

Metro **Urban** **Semi-Urban** **Rural**




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Shareholding Pattern (30th June, 2008)



	JUNE 04	JUNE 05	JUNE 06	JUNE 07	JUNE 08
GOVT.	60.85%	60.85%	55.43%	55.43%	55.43%
FII & FMFs	13.88%	18.17%	20.00%	19.72%	18.69%
BANKS, INST./ MUTUAL FUNDS	4.64%	4.91%	6.57%	8.95%	11.35%
OTHERS	20.63%	16.07%	18.00%	15.90%	14.53%



*Major highlights
of last quarter*



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Major Highlights Q1-09

- ❑ As part of Business process change “Nav Nirman” initiated by the Bank, a Centralised back office hub has been opened at Darukhana on 12th April, 2008. This hub caters to Inward / Outward clearing of cheques, Issuance of Statement of Accounts, Cheque books of Mumbai zone. This is also in line with the cost containment strategy of the Bank.
- ❑ The Bank formalised the Jt.Venture with KBC Asset Management NV, Belgium for setting up a Asset Management Company by signing MoU on 14th July, 2008. The Bank will hold the majority stake of 51% in the venture.
- ❑ The Bank successfully implemented the Agriculture Debt Waiver scheme of the Govt. of India within the stipulated period - by 30th June, 2008. A total of 428408 farmers were given relief under the scheme amounting to Rs 1032 crs.



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Major Highlights

- ❑ Due to adoption of technology, transactions through electronic mode moved up from 6% to 12% of the total transactions of the bank in the last 3 months and is expected to touch 25% by March 2009. This will significantly bring down the transaction costs.
- ❑ Bank will open its first overseas branch at Hong Kong on 1st August, 2008. The Bank already has two representative offices at Shanghai in the People's Republic of China (PRC) and at Abu Dhabi in United Arab Emirates (UAE)



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ROAD AHEAD



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ROAD AHEAD

- ❑ **The Bank aims to reach a business mix of Rs 220000 crore by the end of March 2009, a growth of approx. 22%. Of this, Rs 127500 crore will be Deposits (growth of 23%YoY) and Rs 92500 crore will be Advances (growth of 22%YoY).**
- ❑ **Bank will continue to focus on a four-pronged strategy for growth. Retail, Agri business, SME and Corporate will continue to be the four growth engines.**
- ❑ **Containing Cost of funds will be central to the strategy of the Bank during the year.**
- ❑ **Gross NPA level is targeted less than 2%.**



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Disclaimer

Except for the historical information contained herein, statements in this presentation which contain words or phrases such as “is”, “aims”, ‘will’, ‘would’, ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute ‘forward-looking statements’. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion in business, the impact of any acquisitions, the adequacy of our allowance for credit losses, technological implementation and changes, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks as well as other risks. Union Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



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THANK YOU

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